

Review of the Collection Field Function Pennsylvania District

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This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

Redaction Legend:

2d = Law Enforcement Technique(s)

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Executive Summary

Collection Division's mission is to collect unpaid accounts and to secure delinquent returns. Collection Field function (Cff) group managers are responsible for workload management including the organizing and directing of Revenue Officer's (RO) case work.

Results

We conducted a limited scope review because the Pennsylvania District had recently completed the inventory conversion to the Integrated Collection System (ICS), and many of the ROs were assigned reduced inventories because of their assignment to Customer Service. Also, due to time and staffing constraints we did not perform any integrity tests to identify potential unauthorized accesses.

We conducted the review in three collection field groups and found that generally group manager controls and reviews of ROs inventories were effective to ensure the collection of delinquent taxes. Our inventory match of eight ROs verified that the inventories were accurately converted to and reflected on ICS.

Managers utilized ICS management information system reports to control and monitor ROs inventories. In addition, case selection was consistent with local priorities, and management reviews were performed timely and properly documented.

However, groups without clerical support assigned sensitive command codes 2d-----and STAUP to their Revenue Representatives. These Revenue Representatives maintain their own inventory in addition to handling taxpayer walk-ins. Managers in these group should take additional precautions to protect against the misuse of the sensitive command codes.

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Objective and Scope

This review was initiated as part of our annual audit plan. Because the Pennsylvania District had recently completed the inventory conversion to the Integrated Collection System (ICS), and many revenue officers were assigned to Customer Service, we performed a limited scope review in three collection field groups. The audit fieldwork was conducted between March, 1998 and September, 1998 in a Philadelphia headquarters group and in the Pittsburgh and Scranton posts of duty. Our audit work was performed in accordance with generally accepted government auditing standards.

The overall objective of this limited scope review was to assess the adequacy of the groups controls designed to ensure the collection of delinquent taxes. Specifically, we (1) assessed the adequacy of inventory controls to ensure that TDAs were properly assigned and accounted for, and (2) determined whether the group managers continually monitored priority cases and conducted sufficient reviews of revenue officer work. A detailed description of the specific objectives and audit coverage is included as Attachment I.

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Background

Part of the Collection Division's mission is to collect unpaid accounts and to secure delinquent returns. Cases are assigned to Revenue Officers (ROs) in CFf when they cannot be successfully resolved through the issuance of notices or telephone calls to the taxpayers. The ROs use many varied collection techniques, including enforcement actions, to collect unpaid taxes and/or secure delinquent returns.

The Integrated Collection System (ICS) was installed in the Pennsylvania District's CFf in November 1997. This system automated the assignment and processing of ROs inventories in the CFf. Employees use ICS to control their cases electronically from laptop computers or workstations.

The CFf in the Pennsylvania District consists of two branches containing 16 Revenue Officer groups. As of February 1998, the CFf inventory included 6,714 TDAs.

Results

Generally, management ensured that cases were accounted for and properly assigned during the ICS conversion. Group managers consistently utilize the case assignment and review capabilities of the ICS system to monitor work. In addition, we determined that the Error Resolution Technician (ERT) performed timely resolution actions on IDRS and ICS weekly mismatch reports.

Priority cases (overage, large dollar) were selected and reviewed in accordance with IRM and local procedures. Our review of these cases indicated sufficient group management involvement, when necessary, to expedite collection action and/or case processing.

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Groups without clerical support assigned sensitive command codes 2d-----and STAUP to their Revenue Representatives to handle taxpayer walk-ins at their posts of duty and maintain their own inventories. Due to time and staffing constraints we did not perform any integrity tests to identify potential unauthorized access. Managers in these groups should take additional precautions to ensure that of the sensitive command codes are not being misused by the employees.



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Attachment I

Detailed Objectives and Scope

The overall objective of this review was to assess the adequacy of group manager controls designed to ensure the collection of delinquent taxes. The specific objectives of this review were to (1) assess the adequacy of inventory controls for ensuring that TDAs were properly assigned and accounted for, and (2) determine whether the group managers are continually monitoring priority cases and conducting sufficient reviews of revenue officer work.

We conducted our audit tests in the Philadelphia office (group 17), Pittsburgh (group 24), and Scranton (group 25) posts-of-duty.

To accomplish our objectives, we performed the following audit tests:

- I. Determined whether Collection inventory controls in three Collection Field groups adequately ensured that cases were properly assigned and accounted for, we:
 - A. Interviewed the manager of each selected group and reviewed available documentation to identify and evaluate case assignment practices and ensured that:
 - 1. Group managers reviewed incoming work to ensure that cases are correctly graded and, where appropriate, that lien determinations are made;
 - 2. Group managers periodically reviewed ICS MIS reports to monitor the difficulty and inventory level of cases in each RO's inventory;
 - 3. Group managers monitored cases unassigned for more than 30 days; and,
 - 4. Group managers monitored cases for necessary actions when ROs were detailed to Customer Service.
 - B. Obtained and reviewed the results of the CFf inventory validation (match) of pre-ICS cases performed by the manager of each selected group (group 17 – four selected ROs, group 24 – one RO with mismatches), to ensure that all discrepancies were properly resolved and the results were reported to the Chief, Collection Division. (Note: not performed in group 25 because no documentation maintained in the group).
 - C. Reviewed the 12/29/97 (quarterly) and 3/2/98 (monthly) IDRS Security Profile Reports for all employees in groups 17, 18, 24, and 25 to identify

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- employees with sensitive command codes and number of accesses. (Note: although fieldwork was not performed in Lancaster due to time constraints, it was included in our original sample of selected groups).
- D. Reviewed a sample of ten weekly mismatch reports (accounting for 76 mismatches in all CFf groups) and ensured proper resolution by the ERT.
 - E. Performed a TDA match between IDRS and ICS of 261 taxpayer cases involving 1110 TDAs and determined if inventory controls ensured proper accounting for TDAs (four ROs in group 17 had 114 taxpayers cases involving 586 TDAs assigned; two ROs in group 24 had 77 taxpayers cases involving 335 TDAs assigned; and two ROs in group 25 had 70 taxpayer cases involving 189 TDAs assigned).
- II. Determined whether group managers continually monitored priority cases and conducted sufficient work reviews to ensure cases were timely and effectively resolved to protect the Government's interest and ensured revenue protection, we:
- A. Interviewed the manager of each selected group and reviewed available documentation to determine whether they effectively utilized the ICS MIS reports to control and monitor case inventories (large dollar, overage, etc.).
 - B. Analyzed the February 1998 Delinquent Investigations and Accounts Listing (DIAL) and identified 1051 cases available for review in the selected groups (338 cases in group 17; 269 cases in group 24; and 444 cases in group 25).
 - C. Reviewed a sample of 15 large dollar cases (five cases in group 17, four cases in group 24, six cases in group 25) and determined the group managers' ongoing involvement (field visits, follow-up reviews, etc.) and ensured that special emphasis was given to these high priority cases.
 - D. Reviewed a sample of 13 overage cases (three cases in group 17, six cases in group 24, four cases in group 25) and assessed the group managers' involvement in case resolution, to determine if:
 - 1. Group managers monitored and/or reviewed the case to provide the ROs with specific instructions on how to resolve the case.
 - 2. Group managers conducted follow-up reviews and ensured the ROs took the appropriate corrective actions.
 - 3. Group managers identified patterns and trends leading to the overage inventory.
 - E. Evaluated the effectiveness of managerial reviews and the follow-up actions taken.

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1. Interviewed the manager of each selected group and identified the criteria used for selecting cases to be reviewed (overage, no activity, large dollar) and how often the reviews were conducted.
2. Reviewed 17 managerial workload reviews containing 216 cases to determine their impact on the resolution of the cases, and if follow-up reviews were performed to ensure that corrective actions were taken (six reviews in group 17 containing 92 cases, 3 reviews in group 24 containing 25 cases, 8 reviews in group 25 containing 99 cases). Documentation was not available on ICS for 39 of the 216 cases.